

Budget Brief - Alcoholic Beverage Control

NUMBER CR-ABC-01

PURPOSE

The Department regulates the manufacture, sale and use of alcoholic beverages in Utah. It administers liquor laws and licenses on-premise businesses, manufacturers, wholesalers, warehouses, importers, and liquor representatives. Utah is one of eighteen liquor control states and one of two totally state run systems.

ISSUES

This document deals with the base budget. The following issues are not included in the base but are presented for consideration as additions to the budget.

Bond Payments: The Department must pay for previously approved bonding projects in Park City, Holliday, Provo, Tooele, and 2 projects in Ogden at a cost of \$812,400 from the Liquor Control Fund.

Employees: The Department is requesting 7 additional employees to handle increased sales at a cost of \$226,100.

Maintenance and Warranty for Automated

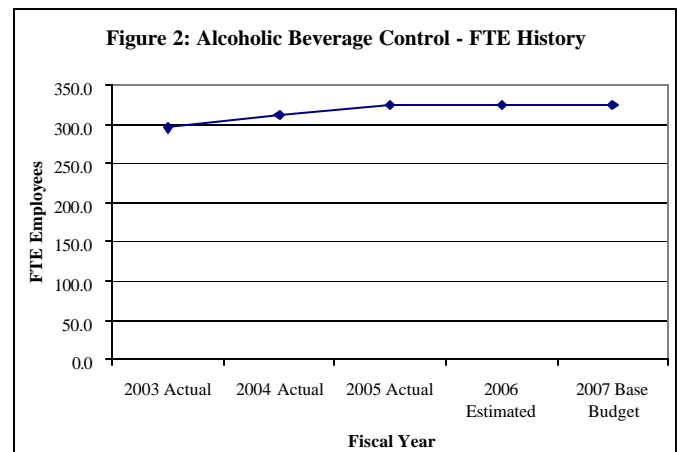
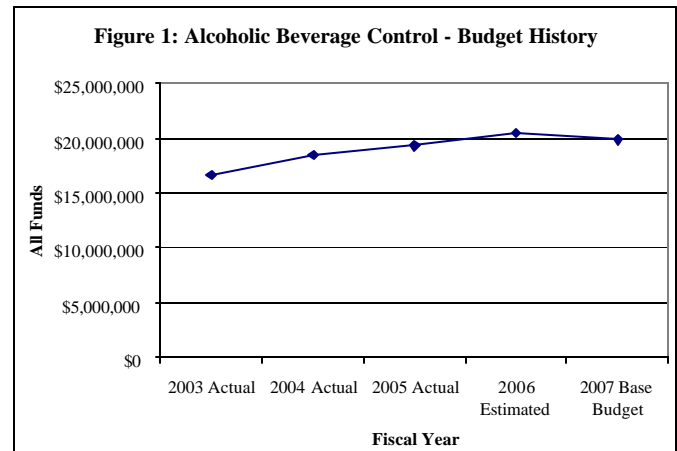
Warehouse: The Department is requesting a \$65,000 warranty and maintenance program.

New Package Agencies: The Department wants to put some new package agencies in the fast growing out-lying communities along the Wasatch front at a cost of \$56,000.

Package Agency Increase: for 9 agencies based on increased sales at a cost of \$48,500.

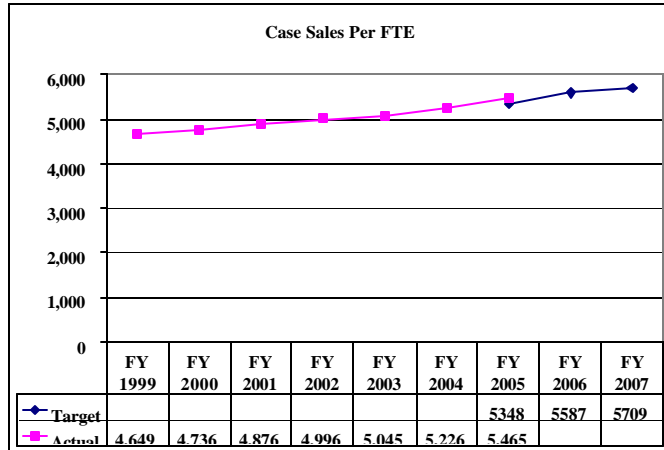
Cost of living increase for package agencies: In the past these agencies have had COLA increases equal to state employees. A one percent increase would cost \$13,700.

BUDGET AT A GLANCE



PERFORMANCE MEASURES

The mandate is to serve public demand in an efficient, business-like fashion. Liquor sales provide a significant source of income to the state. A special tax on liquor provides substantial funding for the school lunch program.

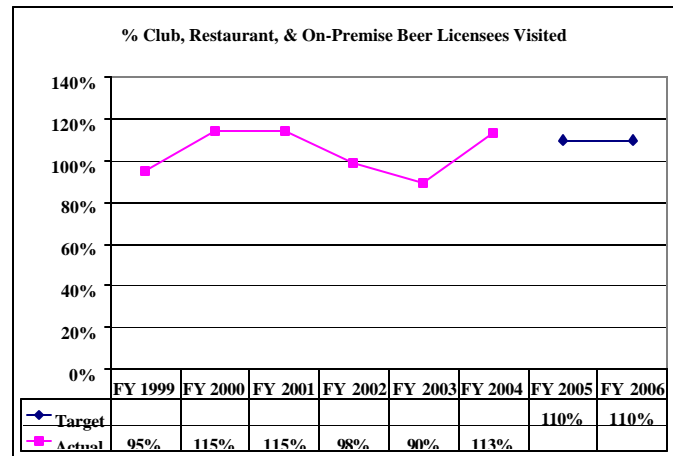
CASE SALES

Measure: This efficiency measure shows that average case sales per FTE are increasing at a rate of 122 cases annually.

Goal: Alcoholic Beverage Control is a difficult area to measure because the goal is not to maximize or minimize sales. The emphasis is not on dollar sales (which can be affected by inflation) but on employee productivity. The number should be increasing.

Methodology: The number comes from dividing the total number of cases sold by the total department FTE.

Measure Type: Efficiency.

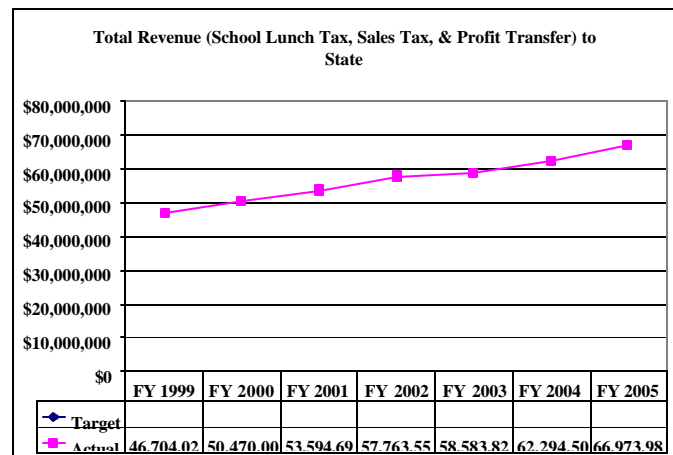


Measure: Club, Restaurant, & On-Premise Beer Licensees Visited.

Goal: Insure that liquor is sold according to the laws of Utah and rules of the Department.

Methodology: This chart shows the percentage of liquor vendors visited annually.

Measure Type: Output.



Measure: Total revenue generated from liquor sales to the state.

Goal: It is not appropriate to have a target for this measure.

Methodology: This graph shows the revenue generated directly to the state from liquor sales via School Lunch Tax, Sales Tax, & Profit Transfer.

Measure Type: Output.

RECOMMENDED BASE BUDGET

The Analyst recommends the base budget shown below of \$19,843,600 from the Liquor Control Fund.

Alcoholic Beverage Control						
	FY 2005	FY 2006		FY 2006		FY 2007*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
Liquor Control Fund	19,389,200	20,498,400	0	20,498,400	(654,800)	19,843,600
Lapsing Balance	(77,300)	0	0	0	0	0
Total	\$19,311,900	\$20,498,400	\$0	\$20,498,400	(\$654,800)	\$19,843,600
Line Items						
Alcoholic Beverage Control	19,311,900	20,498,400	0	20,498,400	(654,800)	19,843,600
Total	\$19,311,900	\$20,498,400	\$0	\$20,498,400	(\$654,800)	\$19,843,600
Categories of Expenditure						
Personal Services	11,909,800	13,066,500	(318,800)	12,747,700	196,700	12,944,400
In-State Travel	23,700	18,200	10,300	28,500	0	28,500
Out of State Travel	12,700	13,000	(300)	12,700	0	12,700
Current Expense	6,204,100	6,544,800	418,400	6,963,200	(811,500)	6,151,700
DP Current Expense	652,400	575,900	90,400	666,300	0	666,300
DP Capital Outlay	226,400	100,000	(100,000)	0	0	0
Capital Outlay	282,800	180,000	(100,000)	80,000	(40,000)	40,000
Total	\$19,311,900	\$20,498,400	\$0	\$20,498,400	(\$654,800)	\$19,843,600
Other Data						
Budgeted FTE	324.5	325.0	(0.5)	324.5	0.5	325.0
Vehicles	20	21	(1)	20	0	20

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.